

**Al- Arabi SAR Money Market Fund – In
Voluntary Liquidation
(Managed By Arab National Investment Company)**

FINANCIAL STATEMENTS

For the period from 1 January 2018 to 28 June 2018

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Al-Arabi SAR Money Market Fund- In Voluntary Liquidation

Opinion

We have audited the financial statements of Al-Arabi SAR Money Market Fund - In Voluntary Liquidation (the "Fund") managed by Arab National Investment Company (the "Fund Manager"), which comprise the statement of financial position as at 28 June 2018, and the statement of comprehensive income, changes in net assets attributable to the unitholders and cash flows for the period from 1 January 2018 to 28 June 2018 (the "period") and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 28 June 2018, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with professional code of conduct and ethics endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of a Matter – Liquidation Basis of Accounting

We draw attention to note (3) to the financial statements, which describes that the financial statements have been prepared on a liquidation basis effective 28 June 2018, and the reasons for use of liquidation basis of accounting. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants and the applicable provisions of the Investment Funds Regulations issued by the Board of the Capital Market Authority, and the Fund's terms and conditions and the information memorandum, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Al-Arabi SAR Money Market Fund - In Voluntary Liquidation (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting. When such use is inappropriate and management uses an alternative basis of accounting, we conclude on the appropriateness of management's use of the alternative basis of accounting. We also evaluate the adequacy of the disclosures describing the alternative basis of accounting and reasons for its use. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

for Ernst & Young


Rashid S. AlRashoud
Certified Public Accountant
License No. 366



Riyadh: 11 Rabi Thani 1440H
(18 December 2018)

Al Arabi SAR Money Market Fund – In Voluntary Liquidation

STATEMENT OF FINANCIAL POSITION

As at 28 June 2018

	<i>Notes</i>	28 June 2018 SR	31 December 2017 SR	1 January 2017 SR
ASSETS				
Investments in Sukuks at amortized cost	8	-	26,000,000	26,000,000
Murabaha placement at amortized cost	9	-	81,800,000	53,100,000
Accrued special commission income		-	323,795	284,607
Cash and cash equivalents		39,986,116	404,235	72,335
TOTAL ASSETS		39,986,116	108,528,030	79,456,942
LIABILITY				
Trade and other payables		48,541	73,377	54,270
TOTAL LIABILITY		48,541	73,377	54,270
NET ASSETS ATTRIBUTABLE TO THE UNITHOLDERS		39,937,575	108,454,653	79,402,672
Units in issue		2,631,265	7,116,559	5,315,308
Net assets value attributable to each unit		15.18	15.24	14.94

The accompanying notes 1 to 14 form an integral part of these financial statements.

Al Arabi SAR Money Market Fund – In Voluntary Liquidation

STATEMENT OF COMPREHENSIVE INCOME

For the period from 1 January to 28 June 2018

		<i>For the period from 1 January 2018 to 28 June 2018</i>	<i>Year ended 31 December 2017</i>
	<i>Notes</i>	<i>SR</i>	<i>SR</i>
INCOME			
Special commission income		805,849	2,209,540
Realized loss		(675,000)	-
		<u>130,849</u>	<u>2,209,540</u>
EXPENSES			
Management fees	10	(79,063)	(196,198)
Other expenses	10	(44,205)	(75,556)
		<u>(123,268)</u>	<u>(271,754)</u>
NET INCOME FOR THE PERIOD / YEAR		<u>7,581</u>	<u>1,937,786</u>
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD / YEAR		<u><u>7,581</u></u>	<u><u>1,937,786</u></u>

The accompanying notes 1 to 14 form an integral part of these financial statements.

Al Arabi SAR Money Market Fund – In Voluntary Liquidation

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO THE UNITHOLDERS

For the period from 1 January 2018 to 28 June 2018

	<i>For the period from 1 January 2018 to 28 June 2018 SR</i>	<i>Year ended 31 December 2017 SR</i>
NET ASSETS ATTRIBUTABLE TO THE UNITHOLDERS AT THE BEGINNING OF THE PERIOD / YEAR	108,454,653	79,402,672
TOTAL COMPREHENSIVE INCOME	7,581	1,937,786
ISSUANCE AND REDEMPTIONS OF UNITS		
Issuance of units during the period / year	4,067,021	86,970,893
Redemption of units during the period / year	(72,591,680)	(59,856,698)
Net changes in units	(68,524,659)	27,114,195
NET ASSETS ATTRIBUTABLE TO THE UNITHOLDERS AT THE END OF THE PERIOD / YEAR	39,937,575	108,454,653

UNIT TRANSACTIONS

Transactions in units made for the period / year ended are summarized as follows:

	<i>For the period from 1 January 2018 to 28 June 2018 Units</i>	<i>Year ended 31 December 2017 Units</i>
UNITS AT THE BEGINNING OF THE PERIOD / YEAR	7,116,559	5,315,308
Issuance of units during the period / year	266,371	5,765,228
Redemptions of units during the period / year	(4,751,665)	(3,963,977)
Net (decrease) increase in units	(4,485,294)	1,801,251
UNITS AT THE END OF THE PERIOD / YEAR	2,631,265	7,116,559

The accompanying notes 1 to 14 form an integral part of these financial statements.

Al Arabi SAR Money Market Fund – In Voluntary Liquidation

STATEMENT OF CASH FLOWS

For the period from 1 January 2018 to 28 June 2018

	<i>For the period from 1 January 2018 to 28 June 2018 SR</i>	<i>Year ended 31 December 2017 SR</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period / year	7,581	1,937,786
Working capital adjustments:		
Money market placement at amortized cost	26,000,000	(25,500,000)
Murabaha at amortized cost	81,800,000	-
Accrued special commission income	323,795	(39,188)
Payables	(24,836)	19,107
Net cash flows from (used in) operating activities	108,106,540	(23,582,295)
FINANCING ACTIVITIES		
Issuance of units during the period / year	4,067,021	86,970,893
Redemption of units during the period / year	(72,591,680)	(59,856,698)
Net cash (used in) from financing activities	(68,524,659)	27,114,195
NET INCREASE IN CASH AND CASH EQUIVALENTS	39,581,881	3,531,900
Cash and cash equivalents at the beginning of period / year	404,235	23,372,335
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD / YEAR	39,986,116	26,904,235
<u>Operational cash flows from special commission income</u>		
Special commission income received	-	2,170,352

The accompanying notes 1 to 14 form an integral part of these financial statements.

Al Arabi SAR Money Market Fund – In Voluntary Liquidation

NOTES TO THE FINANCIAL STATEMENTS

At 28 June 2018

1. GENERAL

Al-Arabi SAR Money Market Fund ("the Fund") is an open-ended fund. The investment objective of the fund is to provide capital preservation, liquidity and short term capital growth through investing in high-grade money market instruments. The Fund was established on 27 Safar 1421H (corresponding to May 31, 2000) by Arab National Bank ("the Bank").

In accordance with the Capital Market Authority's (CMA) decision No.1-83-2005 dated 21 Jumada Awal 1426H (corresponding to 28 June 2005) issued by the CMA Board in connection with regulations relating to Authorised Persons, the Bank has transferred its asset management operations to the Arab National Investment Company ("the Fund Manager"), a wholly owned subsidiary of the Bank, effective 1 January 2008.

2. REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the "Regulations") issued by the CMA on 3 Dhul Hijja 1427H (corresponding to 24 December 2006) and effective from 6 Safar 1438H (corresponding to 6 November 2016) by the New Investment Fund Regulations ("Amended Regulations") published by the Capital Market Authority on 16 Sha'aban 1437H (corresponding to 23 May 2016), detailing requirements for all funds within the Kingdom of Saudi Arabia.

3. LIQUIDATION OF THE FUND

As per the terms and conditions of the Fund, the Fund Manager has decided to voluntarily liquidate the Fund and has obtained the approval from the CMA through letter dated 17 Rajab 1439H (corresponding to 3 April 2018). The Fund Manager has also notified all the unitholders of the Fund for the voluntarily liquidation. The Fund Manager has commenced the liquidation of the Fund effective from 28 June 2018. Accordingly, these financial statements have been prepared on a liquidation basis and cover the period from 1 January 2018 to 28 June 2018. All assets have been stated at their net realizable value and liabilities have been stated at their settlement amounts.

4. BASIS OF PREPARATION

These financial statements of the fund have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed in KSA. These are also the Fund's first financial statements in accordance IFRS, for part of the period covered by the first annual financial statements prepared in accordance with IFRS as endorsed in KSA and other standards and pronouncements that are issued by the Saudi Organization for Certified Public Accountants ("SOCPA") (collectively referred to "IFRS as endorsed in KSA"), and accordingly IFRS 1 "First-time Adoption of International Financial Reporting Standards" endorsed in KSA has been applied.

Refer to note 13 for information on how the Fund's financial statements are impacted upon the adoption of IFRSs.

These financial statements are prepared on liquidation basis as stated in note 3 above.

These financial statements are presented in Saudi Riyals ("SR"), which is the functional currency of the Fund, and all values are rounded to the nearest one Saudi Riyal, except where otherwise indicated.

Al Arabi SAR Money Market Fund – In Voluntary Liquidation

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 28 June 2018

5. SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies applied by the Fund in preparing its financial statements:

5.1 Financial instruments

Classification of financial assets depends on the Fund's business model for managing its financial assets and the contractual terms of the cash flows. The Fund classifies its financial assets as:

- financial assets measured at amortised cost, or
- financial assets measured at fair value

Gains or losses of assets measured at fair value will be recognised through the statement of comprehensive income.

Investments in Sukuks and Murabaha placements are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interests, are measured at amortised cost.

The Fund classifies all financial liabilities as subsequently measured at amortised cost using the effective interest rate method.

Initial measurement

Financial assets are initially measured at its fair value, plus transaction costs in the case of a financial asset not at fair value through profit or loss. Transaction costs of financial assets carried at fair value through profit or loss are recognised in the statement of comprehensive income.

Subsequent measurement

Debt instruments

The Fund recognises three classifications to subsequently measure its debt instruments:

- *Amortised cost*
Financial assets held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI) are measured at amortised cost. A gain or loss on a debt investment subsequently measured at amortised cost and not part of a hedging relationship is recognised in the statement of comprehensive income when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- *Fair Value through Other Comprehensive Income ("FVOCI")*
Financial assets held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses, which are recognised in the statement of income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI, is reclassified from equity to the statement of comprehensive income and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/expense.
- *Fair Value through profit or loss ("FVPL")*
Financial assets that do not meet the criteria for subsequent recognition at amortised cost or FVOCI, are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through the statement of comprehensive income and which is not part of a hedging relationship is recognised and presented net in the statement of comprehensive income in the period in which it arises.

Al Arabi SAR Money Market Fund – In Voluntary Liquidation

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 28 June 2018

5 SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.1 Financial instruments (continued)

Equity instruments

The Fund measures all equity investments at fair value through profit or loss and presents changes in fair value of equity investments in the statement of comprehensive income.

De-recognition

A financial asset or a part of a financial asset is de-recognised when:

- The rights to receive cash flows from the asset have expired, or
- The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - a) The Fund has transferred substantially all the risks and rewards of the asset, or
 - b) The Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Impairment

The Fund assesses on a forward looking basis the Expected Credit Losses ("ECL") associated with its debt instruments as part of its financial assets, carried at amortised cost and FVOCI, the ECL is based on a 12-month ECL and life time ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance increase in credit risk since origination, the allowance will be based on the lifetime ECL. For accounts receivables, the Fund applies the general approach.

5.2 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and short-term deposits in banks that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less.

Short-term investments that are not held for the purpose of meeting short-term cash commitments and restricted margin accounts are not considered as 'cash and cash equivalents'.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts when applicable.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.3 Redeemable Units

Redeemable units are classified as equity instruments when:

- The redeemable units entitle the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation
- The redeemable units are in the class of instruments that is subordinate to all other classes of instruments
- All redeemable units in the class of instruments that is subordinate to all other classes of instruments have identical features
- The redeemable units do not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a pro rata share of the Fund's net assets
- The total expected cash flows attributable to the redeemable units over the life of the instrument are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund over the life of the instrument

In addition to the redeemable shares having all of the above features, the Fund must have no other financial instrument or contract that has:

- Total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund
- The effect of substantially restricting or fixing the residual return to the redeemable shareholders

The Fund continuously assesses the classification of the redeemable shares. If the redeemable shares cease to have all the features, or meet all the conditions set out, to be classified as equity, the Fund will reclassify them as financial liabilities and measure them at fair value at the date of reclassification, with any differences from the previous carrying amount recognised in equity. If the redeemable shares subsequently have all the features and meet the conditions to be classified as equity, the Fund will reclassify them as equity instruments and measure them at the carrying amount of the liabilities at the date of the reclassification.

The issuance, acquisition and cancellation of redeemable shares are accounted for as equity transactions.

No gain or loss is recognised in the statement of comprehensive income on the purchase, issuance or cancellation of the Fund's own equity instruments.

5.4 Special commission income

Special commission income are recognised in the statement of comprehensive income for all commission-bearing financial instruments using the effective interest method.

5.5 Fee and other expenses

Fee and other expenses are recognized on an accrual basis.

5.6 Zakat and income tax

Under the current system of taxation in Kingdom of Saudi Arabia the Fund is not liable to pay any zakat or income tax as they are considered to be the obligation of the Unitholders and as such, are not provided in the financial statements.

Al Arabi SAR Money Market Fund – In Voluntary Liquidation

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 28 June 2018

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.7 Foreign currency translation

Transactions in foreign currencies are translated into SR at the exchange rate at the dates of the transactions. Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Monetary assets and liabilities denominated in foreign currencies are retranslated into SR at the exchange rate at the reporting date.

Foreign currency differences arising on retranslation are recognised in the statement of comprehensive income as net foreign exchange losses, except for those arising on financial instruments at FVPL, which are recognised as a component of net gain from financial instruments at FVPL.

6. USE OF JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with IFRS as endorsed in the KSA requires the use of certain critical accounting judgements, estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires management to exercise its judgment in the process of applying the Funds' accounting policies. Such judgements, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including obtaining professional advices and expectations of future events that are believed to be reasonable under the circumstances. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. Significant areas where management has used estimates, assumptions or exercised judgement are as follows:

Fair value Measurement

The Fund measures its investments in financial instruments, such as equity instruments, debentures, other commission bearing investments and derivatives, at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Fund. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For all other financial instruments not traded in an active market, the fair value is determined using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (i.e., using recent arm's length market transactions, adjusted as necessary, and reference to the current market value of another instrument that is substantially the same) and the income approach (i.e., discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

The Fund measures financial instruments at fair value at each reporting date. Fair values of those financial instruments are disclosed in note 11.

7. STANDARDS ISSUED BUT NOT YET EFFECTIVE

There are several standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund's financial statements. In the opinion of the Board, these standards will clearly not impact the Fund. The Fund intends to adopt these standards, if applicable, when they become effective.

Al Arabi SAR Money Market Fund – In Voluntary Liquidation

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 28 June 2018

8. INVESTMENTS IN SUKUKS AT AMORTIZED COST

	Maturity date	28 June 2018 SR	31 December 2017 SR	1 January 2017 SR
Advanced Petrochemical Sukuk	17 November 2029	-	7,000,000	7,000,000
Saudi British Bank-Sukuk	28 May 2025	-	7,000,000	7,000,000
Riyadh Bank- Sukuk	24 June 2025	-	7,000,000	7,000,000
Arab National Bank Sukuk	7 October 2025	-	5,000,000	5,000,000
		-	26,000,000	26,000,000

Investment at amortized cost is subject to impairment assessment based on expected credit loss (ECL) model as per IFRS 9. The management has assessed that provision under ECL is not significant.

9. MURABAHA PLACEMENTS AT AMORTIZED COST

Money market placements comprise placements with counterparties in Saudi Arabia and the rest of the Middle East.

Investment at amortized cost is subject to impairment assessment based on expected credit loss (ECL) model as per IFRS 9. The management has assessed that provision under ECL is not significant.

10. TRANSACTIONS WITH RELATED PARTIES

Management fee and other transactions

The Fund pays a management fee at the rate of 0.20% per annum calculated on the net assets at each valuation date. In addition, the Fund Manager also entitled to charges other fees at a maximum rate of 0.50% per annum calculated on the total net assets at each valuation date to meet other expenses of the Fund.

Management fees amounting to SR 79,063 (31 December 2017: SR 196,198) and other fees amounting to SR 44,205 (31 December 2017: SR 75,556) reflected in the statement of comprehensive income, represents the fees charged by Fund Manager during the year as described above.

The Bank (parent of the Fund Manager) acts as the Fund's banker. During the period, the Fund has earned special commission amounting to nil (for year ended 31 December 2017: SR 387,613) on bank balances held and money market placements made with the Bank.

The Bank (parent of the Fund Manager) acts as the Fund's banker.

The Unitholders' account during the period / year included units held as follows:

	28 June 2018 Units	31 December 2017 Units
Held by other funds under same management	-	33,443
Held by the employees of the Bank	-	9,820
		43,263

Al Arabi SAR Money Market Fund – In Voluntary Liquidation

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 28 June 2018

11. FAIR VALUES OF FINANCIAL INSTRUMENTS

The Fund's management assessed that fair value of bank balances, short-term placements and accrued special commission income approximate their carrying amounts largely to the short-term maturities of these instruments.

Long-term Sukuks and Murabaha placements are evaluated by the Fund based on parameters such as commission rates, specific country risk factors, and individual creditworthiness of the counterparties. Based on this evaluation, allowances are taken into account for the expected losses of these Long-term Sukuks and Murabaha placements. The expected credit losses of these Long-term Sukuks and Murabaha placements as at 28 June 2018, 31 December 2017 and 1 January 2017 was assessed by Fund's management to be insignificant.

12. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled respectively:

<i>As at 28 June 2018</i>	<i>Within 12 months SR</i>	<i>After 12 months SR</i>	<i>Total SR</i>
ASSETS			
Cash and cash equivalents	39,986,116	-	39,986,116
TOTAL ASSETS	39,986,116	-	39,986,116
LIABILITY			
Trade and other payables	48,541	-	48,541
TOTAL LIABILITY	48,541	-	48,541
 <i>As at 31 December 2017</i>	 <i>Within 12 months SR</i>	 <i>After 12 months SR</i>	 <i>Total SR</i>
ASSETS			
Investments in Sukuks at amortized cost	-	26,000,000	26,000,000
Murabaha placements at amortized cost	-	81,800,000	81,800,000
Accrued special commission income	323,795	-	323,795
Cash and cash equivalents	404,235	-	404,235
TOTAL ASSETS	728,030	107,800,000	108,528,030
LIABILITY			
Trade and other payables	73,377	-	73,377
TOTAL LIABILITY	73,377	-	73,377

Al Arabi SAR Money Market Fund – In Voluntary Liquidation

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 28 June 2018

12. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)

<i>As at 1 January 2017</i>	<i>Within 12 months SR</i>	<i>After 12 months SR</i>	<i>Total SR</i>
ASSETS			
Investments in Sukuks at amortized cost	-	26,000,000	26,000,000
Murabaha placements at amortized cost	-	53,100,000	53,100,000
Accrued special commission income	284,607	-	284,607
Cash and cash equivalents	72,335	-	72,335
TOTAL ASSETS	356,942	79,100,000	79,456,942
LIABILITY			
Trade and other payables	54,270	-	54,270
TOTAL LIABILITY	54,270	-	54,270

13. FIRST-TIME ADOPTION OF IFRS

For all periods up to and including the year ended 31 December 2017, the Fund prepared and published its audited financial statements in accordance with Generally Accepted Accounting Principles (GAAP) issued by SOCPA in KSA ("SOCPA GAAP"). As noted in note 4, these financial statements are the Fund's first such financial statements in accordance with the IFRS as endorsed in KSA.

Accordingly, the Fund has applied the IFRS as endorsed in KSA for preparation of its financial statements for the period beginning 1 January 2018, as well as for presenting the relevant comparative period data. In compliance with requirements of IFRS 1 endorsed in KSA, the Fund's opening statement of financial position was prepared as at 1 January 2017 to reflect the transition to IFRS as endorsed in KSA from the previous SOCPA GAAP. The Fund has analysed the impact on the statement of financial positions as at 1 January 2017, 31 December 2017 and also the statements of comprehensive income for the year ended 31 December 2017, and no significant adjustments has been identified in transitioning from SOCPA GAAP to IFRS as endorsed in KSA.

Due to no significant impact, no separate reconciliation statement has been prepared to reconcile the statement of financial position and comprehensive income as per SOCPA accounting standards and as per IFRS as endorsed in the KSA.

14. LAST VALUATION DAY

The last valuation day of the period was 28 June 2018 (2017: 31 December 2017)